

OMER

Sector: Industrials

OUTPERFORM

Price: Eu3.68 - Target: Eu5.00

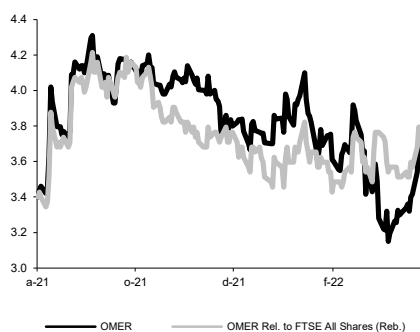
Strong FY21 Results; FY22 Outlook Clouded by External Shocks

 Gianluca Bertuzzo +39-02-77115.429
 gianluca.bertuzzo@intermonte.it

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 5.20 to 5.00		
	2022E	2023E	2024E
Chg in Adj EPS	-18.4%	-11.0%	

OMER - 12M Performance



Stock Data

 Reuters code: OMR.MI
 Bloomberg code: OMER IM

Performance	1M	3M	12M
Absolute	7.3%	-4.2%	==/100
Relative	7.6%	3.6%	#VALUE!
12M (H/L)	4.31/3.15		
3M Average Volume (th):	17.25		

Shareholder Data

No. of Ord shares (mn):	29
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	106
Total Mkt Cap (Eu mn):	106
Mkt Float - Ord (Eu mn):	28
Mkt Float (in %):	26.0%
Main Shareholder:	
Russello Fam.	74.0%

Balance Sheet Data

Book Value (Eu mn):	49
BVPS (Eu):	1.71
P/BV:	2.2
Net Financial Position (Eu mn):	21
Enterprise Value (Eu mn):	94

■ **2021 results well above expectations across the board.** VoP was €57.1mn (+57% YoY, €51.1mn exp.) driven by timely execution of clients' projects, partly enabled by the full operation of Plant B and the contribution of OMER North America (consolidated as of 31st May 2021, ~€3.5mn or +9%). Despite a lower-than-forecast gross margin (63.6% vs. 66.8%), adj. EBITDA came in at €16.0mn (+74% YoY, vs. €14.0mn exp.) for a 28.0% margin (22.5% in 2020) thanks to operating leverage on OpEx. Marginally lower D&A, net financial charges and tax rate led to net income of €10.2mn (+62% YoY, vs. €8.3mn exp.). Partly helped by greater recourse to factoring (€2.4mn, €10.1mn in total), FCF was €14.1mn (€4.6mn exp.) thanks to better operating results, NWC management and lower CapEx following a longer lead-in time from suppliers. NFP closed at €18.7mn vs. €-3.5mn at YE20, thanks in part to the IPO proceeds (€12.2mn) net of pre-IPO dividends of €5.0mn. No dividend distribution is envisaged, in order to preserve cash to exploit investment opportunities both internal and external.

■ **2022 outlook: project execution continues, but surge in raw material and energy prices dents margins.** In 2022, OMER expects to continue with the execution of projects already underway as well as the development of recently-awarded ones. However, the surge in raw material and energy prices is expected to hit margins. Aluminium, the main raw material, should account for just under 10% of VoP or ~€5.5mn, whilst energy should be ~1% or €0.65mn (personnel costs are ~23%). Although the company has an automatic price adjustment mechanism with clients up to 2-3% of the value of contracts, and has a strong track record of efficiencies through which part of the cost increases can be mitigated, we estimate a 3.8pp EBITDA margin reduction YoY to 24.2%. Our assumptions include: i) +9% top line growth favoured by the tail-end effect of the consolidation of OMER NA (+2%), price increases (+3%, upper bound of range) and higher volumes (+4%); ii) a +20% increase in production costs for a 59.8% gross margin vs. 63.6% in 2020; iii) a +9% increase in OpEx with services up +11% and personnel up +4% (in line with volumes).

■ **Change in estimate.** Our new estimates reflect a higher top line from an increased 2021 starting base and prospects on project execution for 2022, but are substantially unchanged in terms of EBITDA due to the above-mentioned inflationary trends. However, we are lowering our adj. EPS estimates by 15% due to the recent change in the Patent Box regime, from which as things stand OMER will not be able to benefit.

■ **OUTPERFORM; target to €5.0.** OMER closed its first year as a listed entity with a strong set of results, well above forecasts and guidance, confirming the solid growth path and expanding profitability built up over 30+ years of history. While the 2022 outlook is clouded by a tough external operating environment, in particular the surge in raw material and energy prices, we remain positive as we believe the company will be able to mitigate such headwinds thanks to efficiencies in its integrated business model and trusted long-standing relationship with clients. In our view, recent geopolitical events only reinforce the industry's entry barriers and growth potential, given higher focus on sustainable and connected mobility, as can be gauged from the significant NRRP resources devoted to infrastructure investments. We are updating our TP from €5.2 to €5.0 in light of the change in our estimates, higher WACC (8.0% vs. 7.6% previously), and lower multiples due to the sector de-rating. OUTPERFORM with upside of ~40%.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	41	57	62	67	70
EBITDA Adj (Eu mn)	9	16	15	16	17
Net Profit Adj (Eu mn)	6	10	9	10	10
EPS New Adj (Eu)	0.219	0.364	0.310	0.338	0.354
EPS Old Adj (Eu)	0.219	0.316	0.381	0.380	
DPS (Eu)	0.000	0.282	0.000	0.000	0.000
EV/EBITDA Adj		6.6	6.3	5.3	4.5
EV/EBIT Adj		7.4	7.5	6.4	5.5
P/E Adj	16.8	10.1	11.9	10.9	10.4
Div. Yield	0.0%	7.7%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.4	-1.2	-1.4	-1.8	-2.2

OMER – Key Figures						
Profit & Loss (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Sales	33	41	57	62	67	70
EBITDA	6	9	16	15	16	17
EBIT	5	8	14	13	14	14
Financial Income (charges)	-0	-0	0	-0	-0	-0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	5	8	14	12	13	14
Taxes	-0	-2	-4	-3	-4	-4
Tax rate	4.3%	19.4%	25.9%	27.6%	27.6%	27.6%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	5	6	10	9	10	10
EBITDA Adj	6	9	16	15	16	17
EBIT Adj	5	8	14	13	14	14
Net Profit Adj	4	6	10	9	10	10
Per Share Data (Eu)	2019A	2020A	2021A	2022E	2023E	2024E
Total Shares Outstanding (mn) - Average	29	29	29	29	29	29
Total Shares Outstanding (mn) - Year End	29	29	29	29	29	29
EPS f.d	0.171	0.219	0.356	0.310	0.338	0.354
EPS Adj f.d	0.143	0.219	0.364	0.310	0.338	0.354
BVPS f.d	0.896	0.838	1.398	1.709	2.046	2.401
Dividend per Share ORD	0.000	0.000	0.282	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	63.2%	40.8%	79.3%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Gross Cash Flow	6	7	12	11	12	13
Change in NWC	-1	-6	5	-4	-1	-1
Capital Expenditure	-5	-2	-3	-5	-4	-3
Other Cash Items	-1	-0	0	0	0	0
Free Cash Flow (FCF)	-1	-1	14	3	7	9
Acquisitions, Divestments & Other Items	0	0	-0	0	0	0
Dividends	-1	-2	-5	0	0	0
Equity Financing/Buy-back	0	0	13	0	0	0
Change in Net Financial Position	-3	-3	22	3	7	9
Balance Sheet (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Total Fixed Assets	18	12	13	15	16	17
Net Working Capital	9	16	9	13	14	15
Long term Liabilities	-0	-0	-0	-0	-0	-0
Net Capital Employed	26	28	21	28	30	31
Net Cash (Debt)	-0	-3	19	21	29	38
Group Equity	26	24	40	49	59	69
Minorities	0	0	0	0	0	0
Net Equity	26	24	40	49	59	69
Enterprise Value (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Average Mkt Cap			114	106	106	106
Adjustments (Associate & Minorities)	-4	-4	-10	-10	-10	-10
Net Cash (Debt)	-0	-3	19	21	29	38
Enterprise Value			105	94	87	78
Ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA Adj Margin	18.5%	22.5%	28.0%	24.2%	24.7%	24.7%
EBIT Adj Margin	15.8%	19.6%	24.7%	20.2%	20.5%	20.5%
Gearing - Debt/Equity	1.7%	14.4%	-46.6%	-43.7%	-49.0%	-54.7%
Interest Cover on EBIT	37.6	47.0	nm	57.9	62.8	65.9
Net Debt/EBITDA Adj	0.1	0.4	-1.2	-1.4	-1.8	-2.2
ROACE*	23.0%	29.7%	56.2%	51.1%	47.3%	46.6%
ROE*	17.2%	25.3%	32.5%	20.0%	18.0%	15.9%
EV/CE			4.3	3.8	3.0	2.6
EV/Sales			1.8	1.5	1.3	1.1
EV/EBITDA Adj			6.6	6.3	5.3	4.5
EV/EBIT Adj			7.4	7.5	6.4	5.5
Free Cash Flow Yield	-0.7%	-0.5%	12.2%	2.4%	6.4%	7.7%
Growth Rates (%)	2019A	2020A	2021A	2022E	2023E	2024E
Sales	53.2%	22.5%	39.8%	8.7%	7.2%	4.9%
EBITDA Adj	91.4%	49.0%	73.8%	-5.9%	9.2%	4.9%
EBIT Adj	115.8%	52.0%	76.4%	-11.1%	8.6%	4.8%
Net Profit Adj	210.7%	28.6%	62.1%	-12.7%	8.8%	4.9%
EPS Adj	159.7%	53.9%	65.8%	-14.6%	8.8%	4.9%
DPS			nm	nm		

*Excluding extraordinary items

Source: Intermonte SIM estimates

2021 results

Income statement, key cash flow metrics and net financial position

	2020A	1H21A	2H21A	2021A	2H21E	A/E %	2021E	A/E %
Value of production	40.8	27.4	29.6	57.1	23.6	25%	51.1	12%
YoY growth %	+22%	n.a.	n.a.	+40%	n.a.		+25%	
- Raw materials	-13.8	-9.3	-11.5	-20.8	-7.7		-17.0	
Gross profit	27.0	18.2	18.1	36.3	15.9	14%	34.1	6%
YoY growth %	+22%	n.a.	n.a.	+34%	n.a.		+26%	
Gross margin %	66.1%	66.2%	61.2%	63.6%	67.5%		66.8%	
+ Non-recurring	0.0	0.0	0.3	0.3	0.3		0.3	
- OPEX	-17.8	-10.3	-10.1	-20.3	-9.9		-20.1	
Adj. EBITDA	9.2	7.9	8.1	16.0	6.1	33%	14.0	14%
YoY growth %	+49%	n.a.	n.a.	+74%	n.a.		+52%	
Adj. EBITDA margin %	22.5%	28.8%	27.2%	28.0%	25.6%		27.3%	
- D&A	-1.2	-0.8	-1.0	-1.9	-1.2		-2.1	
Adj. EBIT	8.0	7.1	7.0	14.1	4.8	46%	11.9	19%
YoY growth %	+52%	n.a.	n.a.	+76%	n.a.		+49%	
Adj. EBIT margin %	19.6%	25.8%	23.7%	24.7%	20.4%		23.3%	
- Non-recurring	0.0	0.0	-0.3	-0.3	-0.3		-0.3	
-/+ Financial exp./inc.	-0.2	0.0	0.0	0.0	-0.2		-0.2	
Pre-tax income	7.8	7.1	6.7	13.8	4.3	57%	11.4	21%
- Tax income	-1.5	-2.1	-1.5	-3.6	-1.0		-3.1	
Tax rate %	19.4%	29.4%	22.3%	25.9%	23.1%		27.0%	
Net income	6.3	5.0	5.2	10.2	3.3	58%	8.3	23%
YoY growth %	+29%	n.a.	n.a.	+62%	n.a.		+32%	
Net income margin %	15.4%	18.2%	17.6%	17.9%	14.0%		16.3%	
- Minorities	0.0	0.0	0.0	0.0	0.0		0.0	
Net income attr. to shareh.	6.3	5.0	5.2	10.2	3.3	58%	8.3	23%
Cash flow from operations	1.6	14.9	2.4	17.3	-5.4	-145%	9.5	82%
Capex	-2.1	-1.6	-1.6	-3.2	-2.4	-35%	-4.9	-35%
FCF	-0.5	13.3	0.9	14.1	-7.8	-111%	4.6	204%
Net debt/(cash)	3.5	-3.7	-18.7	-18.7	-8.3		-8.3	
Net debt/EBITDA	0.4x			-1.2x			-0.6x	

Source: Company data & Intermonte SIM Estimates

Change in estimates

Change in estimates

	New			Old			Δ %		
	2021A	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Value of production	57.1	62.0	66.5	51.1	56.6	59.9	12%	10%	11%
YoY growth %	+40%	+9%	+7%	+25%	+11%	+6%			
Adj. EBITDA	16.0	15.0	16.4	14.0	15.5	16.4	14%	-3%	0%
YoY growth %	+74%	-6%	+9%	+52%	+11%	+6%			
Adj. EBITDA margin %	28.0%	24.2%	24.7%	27.3%	27.4%	27.4%			
Adj. EBIT	14.1	12.5	13.6	11.9	13.1	13.9	19%	-4%	-2%
YoY growth %	+76%	-11%	+9%	+49%	+10%	+6%			
Adj. EBIT margin %	24.7%	20.2%	20.5%	23.3%	23.2%	23.2%			
Tax rate %	25.9%	27.6%	27.6%	27.0%	15.0%	20.0%	-1.1%	12.6%	7.6%
Adj. EPS	0.36	0.31	0.34	0.32	0.38	0.38	15%	-18%	-11%
YoY growth %	+66%	-15%	+9%	+44%	+20%	-0%			
Net debt/(cash)	-18.7	-21.5	-28.8	-8.3	-14.6	-23.6	125%	47%	22%
Net debt/EBITDA	-1.2x	-1.4x	-1.8x	-0.6x	-0.9x	-1.4x			

Source: Company data & Intermonte SIM Estimates

Financials

Income statement, balance sheet, cash flow statement and key financial ratio

Income statement	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Value of production	21.8	33.3	40.8	57.1	62.0	66.5	69.8
YoY growth %	n.a.	+53%	+22%	+40%	+9%	+7%	+5%
- Raw materials	-6.1	-11.2	-13.8	-20.8	-24.9	-26.7	-28.0
YoY growth %	n.a.	+83%	+24%	+50%	+20%	+7%	+5%
- OPEX	-12.4	-16.0	-17.8	-20.3	-22.1	-23.4	-24.5
YoY growth %	n.a.	+29%	+11%	+14%	+9%	+6%	+5%
Adj. EBITDA	3.2	6.2	9.2	16.0	15.0	16.4	17.2
YoY growth %	n.a.	+91%	+49%	+74%	-6%	+9%	+5%
Adj. EBITDA margin %	14.8%	18.5%	22.5%	28.0%	24.2%	24.7%	24.7%
- D&A	-0.8	-0.9	-1.2	-1.9	-2.5	-2.8	-2.9
On sales %	3.6%	2.7%	2.9%	3.2%	4.0%	4.2%	4.2%
Adj. EBIT	2.4	5.3	8.0	14.1	12.5	13.6	14.3
YoY growth %	n.a.	+116%	+52%	+76%	-11%	+9%	+5%
Adj. EBIT margin %	11.2%	15.8%	19.6%	24.7%	20.2%	20.5%	20.5%
- Non-recurring	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
-/+ Financial exp./inc.	-0.1	-0.1	-0.2	0.0	-0.2	-0.2	-0.2
Pre-tax income	2.4	5.1	7.8	13.8	12.3	13.4	14.1
- Tax income	-0.8	-0.2	-1.5	-3.6	-3.4	-3.7	-3.9
Tax rate %	33.4%	4.3%	19.4%	25.9%	27.6%	27.6%	27.6%
Net income	1.6	4.9	6.3	10.2	8.9	9.7	10.2
YoY growth %	n.a.	+211%	+29%	+62%	-13%	+9%	+5%
Net income margin %	7.3%	14.7%	15.4%	17.9%	14.4%	14.6%	14.6%
Adj. EPS	0.05	0.14	0.22	0.36	0.31	0.34	0.35
YoY growth %	n.a.	+160%	+54%	+66%	-15%	+9%	+5%
Condensed balance sheet	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Trade net working capital	6.6	8.4	18.8	11.8	14.5	15.6	16.3
Other current asset/(liab)	0.0	0.6	-2.7	-2.6	-1.6	-1.6	-1.6
Net working capital	6.6	8.9	16.1	9.2	12.9	14.0	14.7
Net fixed assets	13.2	17.6	11.9	12.6	15.1	16.3	16.9
Non-current liabilities	-0.3	-0.3	-0.4	-0.3	-0.3	-0.3	-0.3
Non-current asset/(liab.)	12.9	17.3	11.5	12.3	14.8	16.0	16.6
Net capital employed	19.5	26.2	27.5	21.5	27.6	30.0	31.3
Net debt/(cash)	-2.4	0.4	3.5	-18.7	-21.5	-28.8	-37.7
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	21.9	25.8	24.1	40.2	49.1	58.8	69.0
Invested capital	19.5	26.2	27.5	21.5	27.6	30.0	31.3
Cash flow statement	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Net Income	1.6	4.9	6.3	10.2	8.9	9.7	10.2
D&A	0.8	0.9	1.2	1.9	2.5	2.8	2.9
Change in NWC & Oth.	-2.5	-1.5	-5.9	5.2	-3.7	-1.1	-0.7
Cash flow from operations	-0.1	4.3	1.6	17.3	7.7	11.4	12.4
Capex	-0.3	-5.1	-2.1	-3.2	-5.0	-4.0	-3.5
FCF	-0.4	-0.8	-0.5	14.1	2.7	7.4	8.9
Acquisitions	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Div., Buyb., Equity fin.	-0.1	-1.0	-2.0	7.8	0.0	0.0	0.0
Others	2.2	-1.0	-0.5	0.4	0.0	0.0	0.0
Change in NFP	1.7	-2.8	-3.0	22.2	2.7	7.4	8.9
Key financial ratio	2018A	2019A	2020A	2021A	2022E	2023E	2024E
NWC/Sales %	30%	27%	39%	16%	21%	21%	21%
CapEx/Sales %	1.2%	15.4%	5.1%	5.5%	8.0%	6.0%	5.0%
Net debt/EBITDA	-0.7x	0.1x	0.4x	-1.2x	-1.4x	-1.8x	-2.2x
FCF conv. %	-12.6%	-13.3%	-5.7%	88.6%	18.3%	44.9%	51.7%
ROCE %	12.5%	20.1%	29.0%	65.7%	45.4%	45.4%	45.7%
ROE %	7.2%	19.0%	26.2%	25.4%	18.2%	16.5%	14.8%

Source: Company data & Intermonte SIM Estimates

Valuation summary

Valuation summary

Method	Comment	Value
DCF	WACC 8.0% (vs 7.6% prev.), TGR 1.0%	5.2
"Fair" target multiple	AVG ROIC 2022-24 @ 34% (tax rate 27.6% vs 20.5% prev.)	4.8
Multiples	AVG '22/'22 EV/EBITDA 7x; EV/EBIT 11.7x; P/E 13.8x (-5% vs prev. multiples in avg)	4.9
Target price		5.0
Share price		3.7
Upside/Downside		36%

Source: Intermonte SIM

Multiples @ TP and current price

Implicit multiples @ TP	2020A	2021A	2022E	2023E	2024E
Target price	5.0	5.0	5.0	5.0	5.0
NOSH	28.8	28.8	28.8	28.8	28.8
Equity value	143.8	143.8	143.8	143.8	143.8
Net debt/(cash)	3.5	-18.7	-21.5	-28.8	-37.7
Factoring w/o recourse	4.2	10.1	10.1	10.1	10.1
Enterprise value	151.4	135.1	132.4	125.0	116.1
EV/SALES	3.7x	2.4x	2.1x	1.9x	1.7x
EV/EBITDA	16.5x	8.5x	8.8x	7.6x	6.7x
EV/EBIT	18.9x	9.6x	10.6x	9.2x	8.1x
P/E	22.8x	13.7x	16.1x	14.8x	14.1x
FCF yield %	-0.4%	9.8%	1.9%	5.1%	6.2%
Implicit multiples @ Curr. PX	2020A	2021A	2022E	2023E	2024E
Current price	3.7	3.7	3.7	3.7	3.7
NOSH	28.8	28.8	28.8	28.8	28.8
Equity value	105.8	105.8	105.8	105.8	105.8
Net debt/(cash)	3.5	-18.7	-21.5	-28.8	-37.7
Factoring w/o recourse	4.2	10.1	10.1	10.1	10.1
Enterprise value	113.5	97.2	94.4	87.1	78.2
EV/SALES	2.8x	1.7x	1.5x	1.3x	1.1x
EV/EBITDA	12.4x	6.1x	6.3x	5.3x	4.5x
EV/EBIT	14.2x	6.9x	7.5x	6.4x	5.5x
P/E	16.8x	10.1x	11.9x	10.9x	10.4x
FCF yield %	-0.5%	13.4%	2.6%	7.0%	8.4%

Source: Intermonte SIM

Market multiples and performance

Market multiples

Company	Country	Mkt C. (€ mn)	EV_EBITDA			EV_EBIT			PE		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
OMER	ITA	106	6.1x	6.3x	5.3x	6.9x	7.5x	6.4x	10.1x	11.9x	10.9x
Alstom	FRA	8,145	9.8x	8.1x	6.0x	16.1x	11.6x	8.5x	14.6x	11.3x	8.5x
Constr. Aux.	ESP	1,032	5.5x	4.5x	3.9x	8.3x	6.6x	5.6x	12.2x	9.6x	8.4x
NRC Group	NOR	157	7.4x	5.5x	4.1x	26.3x	12.7x	7.5x	33.5x	13.3x	8.0x
Railcare Group	SWE	49	5.8x	5.9x	5.4x	11.1x	12.1x	10.4x	12.9x	14.9x	12.9x
Salcef Group	ITA	1,279	12.0x	11.6x	9.8x	17.1x	16.4x	13.8x	23.1x	22.8x	19.2x
Stadler Rail	CHE	3,525	12.3x	10.8x	9.0x	17.7x	15.5x	12.5x	26.3x	19.3x	16.0x
Talgo	ESP	496	9.4x	7.2x	5.8x	13.3x	9.8x	7.4x	17.0x	12.8x	10.2x
Vossloh	DEU	669	7.5x	6.7x	5.7x	13.2x	11.3x	9.2x	26.1x	16.8x	13.5x
Somec	ITA	221	10.1x	8.8x	6.7x	20.7x	14.8x	10.2x	36.4x	22.4x	15.1x
Average			8.9x	7.7x	6.3x	16.0x	12.3x	9.5x	22.4x	15.9x	12.4x
Vs Avg			-31%	-18%	-15%	-57%	-39%	-33%	-55%	-26%	-12%

Source: Intermonte SIM & FactSet

Stock price performance (total return)

Company	Country	Mkt C. (€ mn)	1m	3m	6m	YTD	1y	2y	3y	10y	Since IPO
OMER	ITA	106	+7%	-4%	-11%	-4%					+8%
Alstom	FRA	8,145	-5%	-30%	-34%	-30%	-49%	-36%	-30%	+1%	-37%
Constr. Aux.	ESP	1,032	-4%	-17%	-16%	-17%	-23%	+8%	-27%	-12%	-17%
NRC Group	NOR	157	+2%	-14%	+24%	-14%	+19%	-12%	-66%	-98%	+26%
Railcare Group	SWE	49	+4%	-8%	-1%	-8%	-7%	+13%	+61%	+802%	-7%
Salcef Group	ITA	1,279	-7%	-17%	+18%	-17%	+63%	+114%	+126%		+39%
Stadler Rail	CHE	3,525	+3%	-9%	-7%	-9%	-18%	-13%			-8%
Talgo	ESP	496	-9%	-26%	-10%	-26%	-6%	+0%	-30%		-11%
Vossloh	DEU	669	-5%	-16%	-17%	-16%	-8%	+31%	-1%	-39%	-13%
Somec	ITA	221	-2%	-15%	+7%	-15%	+32%	+119%	+47%		+6%

Source: FactSet

OMER in brief

Company description

A leading supplier of interiors for train manufacturers. Established in Palermo in 1990, OMER is engaged in the design and manufacture of interior furnishings for the railway sector. Within the rail market, OMER is positioned as a supplier of leading train producers, such as Alstom, Bombardier, Hitachi and Siemens Mobility, providing tailor-made products based on each project's specification. Its product portfolio is divided into three main categories: i) interiors, such as window panels and luggage racks; ii) cabins for toilet modules; iii) fairings & doors.

Management

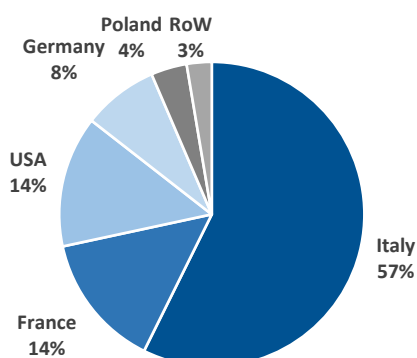
CEO: G. Russello
Chairman: G. Russello
CFO: S. Giosuè

Next BoD renewal: Spring, 2024
BoD independent members: 1/5

Shareholders

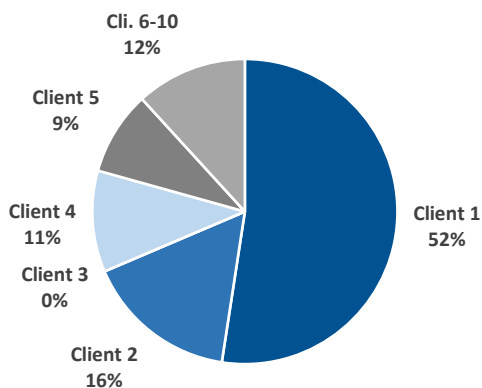
Russello Family	74.0%
Market/others	26.0%

Net sales breakdown by geographical area (2020 PF)



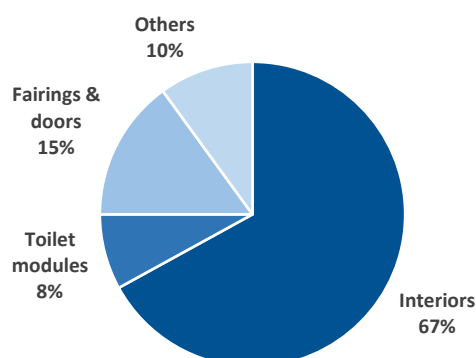
Source: company data and Intermonte SIM estimates

Client concentration (2020 PF)



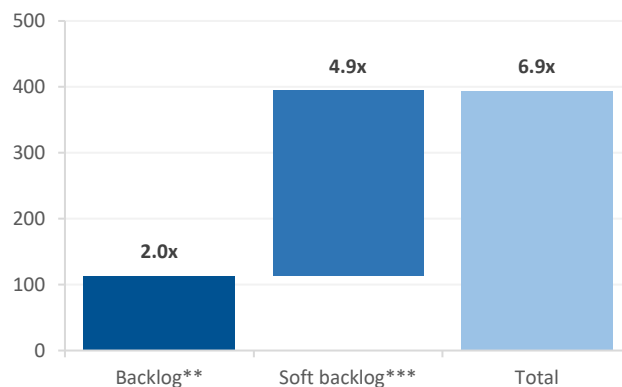
Source: company data

Net sales breakdown by activity (2020 PF)



Source: company data

Backlog and coverage ratio* (€ mn, 2021)



Source: company data

* Coverage ratio = backlog / VoP 2020 PF

** Backlog = signed framework agreement and production order received

*** Soft-Backlog = signed framework agreement, waiting for production order

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	OMER		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	5.00	Previous Target (Eu):	5.20
Current Price (Eu):	3.68	Previous Price (Eu):	3.93
Date of report:	31/03/2022	Date of last report:	22/09/2021

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P/IB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for their information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

- BUY: stock expected to outperform the market by over 25% over a 12 month period;
- OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
- NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
- UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
- SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2021 Intermonte's Research Department covered 120 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	16,95 %
OUTPERFORM:	53,39 %
NEUTRAL:	25,42 %
UNDERPERFORM	04,24 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (53 in total) is as follows:

BUY:	30,19 %
OUTPERFORM:	49,06 %
NEUTRAL:	20,75 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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Intermonte SIM provides investment banking services to Gruppo Caltagirone in connection with roadshow activities ahead of 2022 Generali AGM.

Intermonte SIM acted as financial advisor to Ambientthesis in connection with the reserved capital increase subscribed by Greenthesis through the contribution in kind of its businesses in the environmental sector.

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Emittente	%	Long/Short
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COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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